

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

June 13, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 14OD-109

OAHU

Set Aside to Agribusiness Development Corporation for Agricultural Purposes,
Honouliuli, Ewa, Oahu, Tax Map Key: (1) 9-1-031:037.

APPLICANT:

Agribusiness Development Corporation

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Honouliuli, Ewa, Oahu, identified by Tax Map
Key: (1) 9-1-031:037, as shown on the maps attached as **Exhibits A1 and A2**.

AREA:

3.630 acres, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: I-2

TRUST LAND STATUS:

Acquired after Statehood, i.e. non-ceded

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Encumbered General Lease No. 5512, HMCO, LLC, Lessee; for operation of a rendering plant and the associated uses of abattoir, slaughter, and packing facilities, cattle staging and short-term holding; and biconversion process.

PURPOSE:

Agricultural purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action before the Board is merely a transfer of management jurisdiction and does not constitute a use of State lands or funds, and therefore, this action is exempt from the provisions of Chapter 343, HRS, relating to environmental impact statements. Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

APPLICANT REQUIREMENTS:

None

REMARKS:

In 1991, the State commenced a condemnation action over 124 acres, including the subject parcel, owned by James Campbell Estate with HMCO, LLC¹ as the lessee of the subject parcel. The condemnation eventually resulted in a settlement in which the State agreed to issue a direct lease to HMCO, LLC together with the consent given to the sublease held by Island Commodities Corporation ("Sublessee").

GL 5512 was issued in 1996, with an expiration date of September 30, 2015, which was the original expiration date of the lease between HMCO, LLC and the James Campbell Estate.

Agribusiness Development Corporation ("ADC") is interested in Sublessee's ability to produce fish food by the Sublessee at the facility for a growing aquaculture industry in the State. Therefore, ADC requests the transfer of the subject parcel with the intent of continuing the rendering plant operation currently undertaken by the Sublessee. A copy of ADC's request is attached as **Exhibit B**, and the Sublessee also provides its written support in the file.

Further, Land Division ("LD") is pursuing the development of the adjacent State property, "the Feedlot". While the final configuration or layout of the Feedlot has not been finalized at this moment, LD recommends the Board authorize the reservation of a non-exclusive access

¹ The lease was transferred to HMCO, LLC from Hawaii Meat Company Limited in 2012.


and utility easement over the subject parcel. Tentatively, the easement will be 30 feet wide running parallel with the northern boundary of the subject parcel as depicted on Exhibit A. LD believes such reservation can preserve the flexibility of the future development, including any subdivision, of the Feedlot, which is over 100 acres.

There are no other pertinent issues or concerns.


RECOMMENDATION: That the Board approve of and recommend to the Governor the issuance of an executive order setting aside the subject lands to Agribusiness Development Corporation under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:

- A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
- B. Reservation of a non-exclusive access and utility easement of 30 feet wide as described above;
- C. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
- D. Review and approval by the Department of the Attorney General; and
- E. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,


Barry Cheung
District Land agent

APPROVED FOR SUBMITTAL:


William J. Aila, Jr., Chairperson



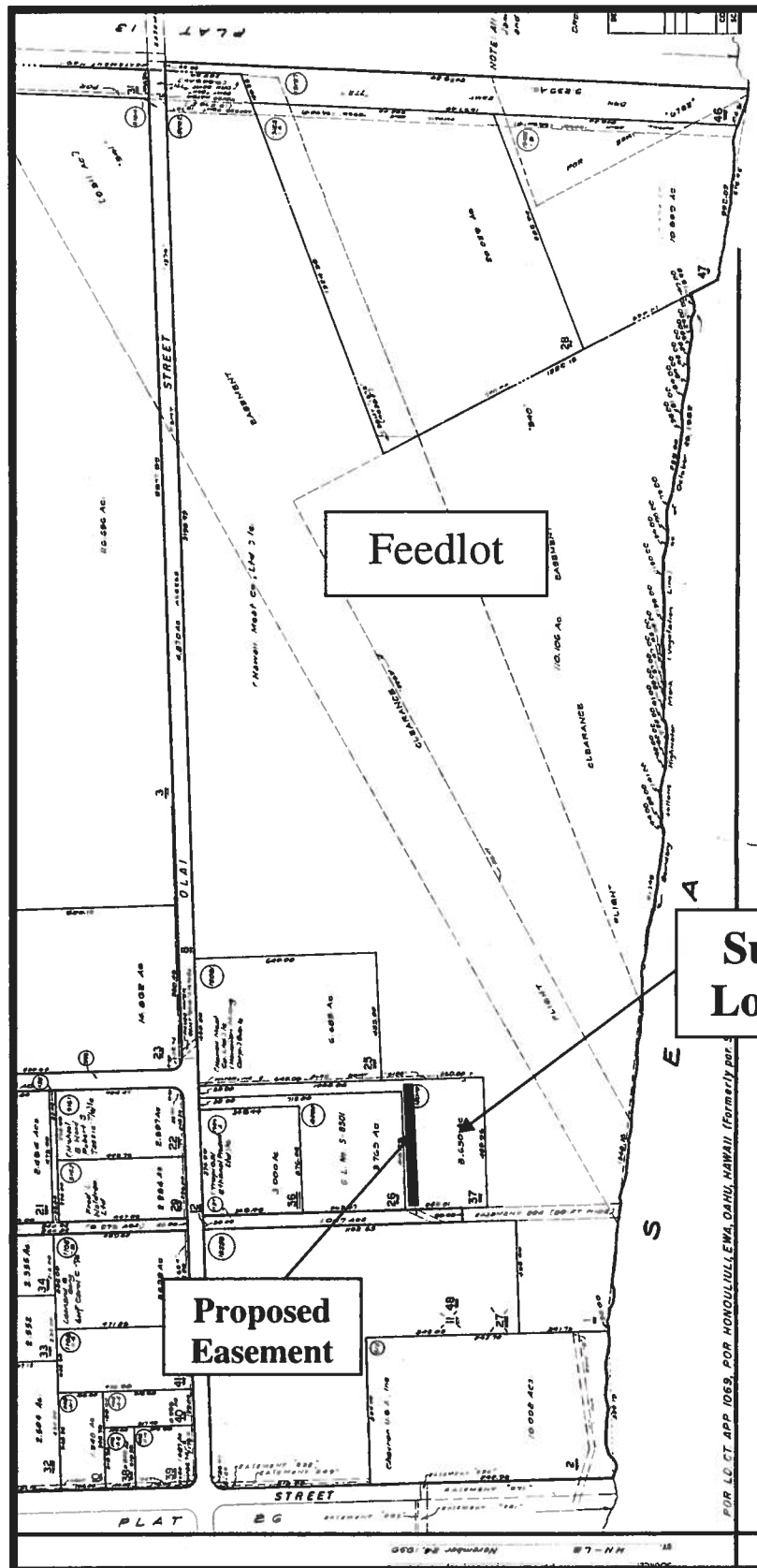


EXHIBIT A1

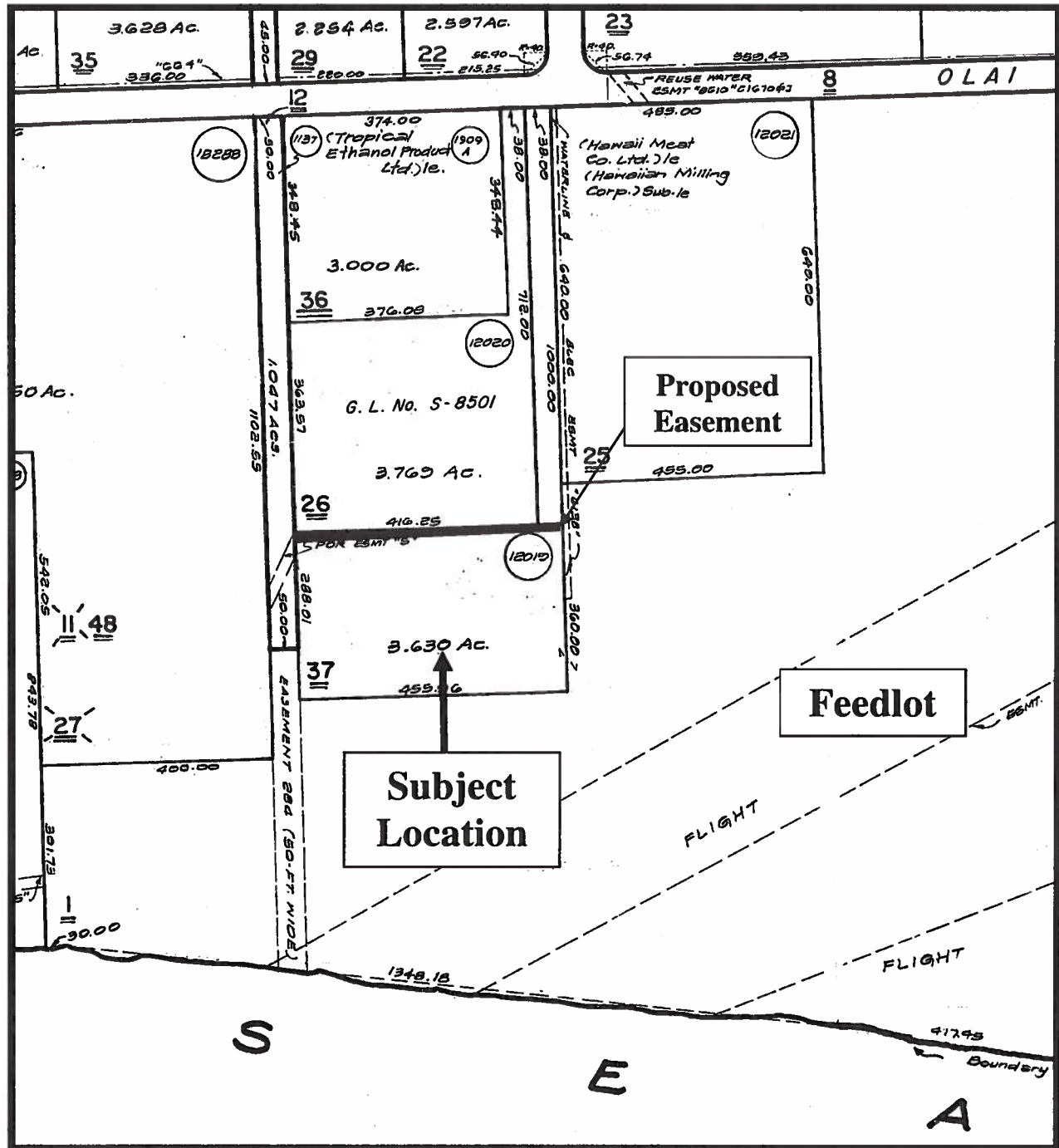


EXHIBIT A2

GL 5512

NEIL ABERCROMBIE
Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

KEN H. KAKESAKO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

RECEIVED
LAND DIVISION

MAR 20 AM 10:57

DEPT. OF LAND &
NATURAL RESOURCES
STATE OF HAWAII

DEPT. OF LAND
& NATURAL RESOURCES
STATE OF HAWAII

2014 MAR 18 AM 10:36

RECEIVED

March 17, 2014

The Honorable William J. Aila Jr., Chairperson
Department of Land and Natural Resources
1151 Punchbowl Street, Room 130
Honolulu, Hawaii 96813

Dear Chair Aila:

Subject: General Lease No. S-5512 to Island Commodities Corporation for a Rendering Plant Operation at Campbell Industrial Park, Hawaii

The Agribusiness Development Corporation (ADC) has been in discussions with Island Commodities regarding their rendering plant facility in Kapolei.

Island Commodities presently operates the rendering plant on lands acquired by the State of Hawaii. Island Commodities sublease (GL S-5512) was issued as a part of a condemnation action between the State and Campbell Estate in 1996. The acquisition was for the Feedlot and Rendering Plant and involved a total of three lots (the rendering plant was one of the three lots). The other two lots were set aside via Governor's Executive Order to the Department of Agriculture for the Kalaeloa Agricultural Park.

As a condition of the acquisition, a new state lease, covering Lot 12019, 3.63 acres, was issued to Parker Ranch for operation of a rendering plant. The issuance of the new lease from the state was to replace the existing lease that was issued from Campbell to Hawaii Meat in 1964 for a 50 year lease term. The new state lease was issued pursuant to Chapter 171-59 which allows for issuance of direct leases for agricultural processing uses. Simultaneously, a sublease was being issued from Parker Ranch (Hawaii Meat) to Island Commodities Corporation for operations of the Rendering plant.

Aside from the processing of raw materials and used cooking oil, ADC is interested in Island Commodities ability to provide fish food for a growing aquaculture industry in Hawaii. As you can image, there are many challenges for new agribusinesses in Hawaii. The cost to import feed and fertilizer are usually the major barriers to new agribusiness ventures in Hawaii.



EXHIBIT "B"

The Honorable William J. Aila, Jr.

March 17, 2017

Page 2

Island Commodities provides us with a unique opportunity to significantly reduce the cost of feed and fertilizer in the State while also eliminating food wastes from entering our landfills. ADC is very interested in having Island Commodities involved with the production of fish food to support Hawaii's aquaculture industry.

We understand that the State Department of Agriculture is reluctant to having the Island Commodities property included with the two other properties acquired in the condemnation action with Campbell Estate that were set aside to the State Department of Agriculture for the Kalaeloa Agricultural Park (Lot 12020-3.769 acres and Lot 12021-6.685 acres). Their initial concern was how the rendering plant operations would be compatible with the Kalaeloa Agricultural Park operations.

ADC believes that the rendering plant operation, which qualified for a direct lease under Chapter 171-59 as "agricultural processing," is still a valid agricultural operation. Moreover, with its desire and ability to produce fish food, we believe that Island Commodities will play a critical role in the development of the aquaculture industry in Hawaii.

For these reasons, we respectfully request that the Department of Land and Natural Resources consider transferring the rendering plant operations (Parcel 9-1-31-37, LOT 12019, area 3.630 acres), to ADC.

Should you have any questions or require any additional information, please contact us.

Sincerely,



Scott E. Enright, Chairperson
Board of Agriculture



James J. Nakatani, Executive Director
Agribusiness Development Corporation